To All Our Shareholders:

Disclosed information on the Internet at the Time of Notifying Convocation of the 34th Annual General Meeting of Shareholders

June 2, 2014

SoftBank Corp.

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All matters above are provided to shareholders of the Company on the website of the Company on the Internet (http://www.softbank.jp/) in accordance with all laws and Article 14 of the Articles of Incorporation of the Company.

Status of the Company

(5)System to ensure appropriateness of the operation

The content of the basic policy of SoftBank Corp. (here after “the Company”) that was formulated according to the resolution by the Board of Directors of the Company to ensure the appropriateness of the operation is explained below. The basic policy was partially revised, upon a Board Resolution on April 23, 2014, to reflect the newly established SoftBank Group Companies Management Regulations in its content as well as to update words and styles.

1. System to ensure that the execution of the duties of directors and employees is in compliance with laws, regulations, and the Articles of Incorporation of the Company

The Company has established the SoftBank Group Officer and Employee Code of Conduct to prescribe the code of conduct to be followed by all directors and employees to ensure that corporate activities are appropriate based not only on regulatory compliance, but also on high ethical standards, and has established the following structure to continuously reinforce the compliance system:

(1) A chief compliance officer (CCO) is appointed. In addition to proposing and carrying out measures required to establish and enhance the Company’s compliance system, the CCO regularly reports to the Board of Directors on compliance-related issues and the status of addressing those issues.

(2) Internal and external hotlines are established for direct reporting and consultations by directors and employees, to quickly identify, rectify, and prevent the reoccurrence of any inappropriate issues in corporate activities.

(3) The Internal Audit Department carries out audits to ensure that execution of duties complies with laws, regulations, and the Articles of Incorporation, and the results of those audits are reported to the CEO and director in charge. The Internal Audit Department also works in cooperation with the Audit & Supervisory Board Members by providing them with the results of those audits.

2. System for the storage and management of information regarding the execution of duties by directors

The Company has established the following system to appropriately store and maintain documents and other important information related to the execution of duties by directors including minutes and proposals of the Board of Directors meetings and requests for approval:

(1) The Company determines retention periods and methods and measures to prevent accidents, based on the Information Management Regulations, and classifies and appropriately stores these documents according to their degree of confidentiality.

(2) A chief information security officer (CISO) has been appointed as the person responsible for information security to promote the establishment and reinforcement of the information security system.

3. Regulations and system relating to managing the risk of loss

The Company has established the following system to avoid and minimize risk and to implement necessary measures related to the variety of risks in its business operations:

(1) Responsible departments are designated to address various risks, manage risks in each responsible department and work to reduce risks and prevent the occurrence of risk events based on the Risk Management Regulations. In addition, when an emergency situation arises, an Emergency Response Department will be established according to the designated escalation flow, and efforts will be made to minimize the damage (loss) based on the instructions of the Emergency Response Department.

(2) The General Administration Department will summarize the status of risk evaluation, analysis and response at each responsible department, and regularly report its findings to the Board of Directors.

(3) The Internal Audit Department carries out internal audits of the risk management system.

4. System to ensure the efficiency of directors in the execution of their duties

The Company has established the following structure to maintain an efficient management system:

(1) The Company has set out the Regulations of the Board of Directors to clarify matters to be decided and reported on by the Board of Directors, and the Internal Approval Regulations and other regulations relating to institutional decision-making to clarify decision-making authority.

(2) To strengthen functions for overseeing the execution of duties and enhance objectivity in management, the Board of Directors includes external directors who are independent of the Company.

(3) To ensure that the directors, including external directors, can discuss matters fully at Board of Directors meetings, they are provided with materials for the meeting in advance, and with additional or supplementary materials upon their request.

(4) The scope of operations, authority and responsibilities necessary for operations are clearly defined in the Regulations on Segregation and Authority of Duties.

5. System to ensure appropriateness of the Group operations

The Company has formulated the SoftBank Group Charter to promote fundamental concepts and policies shared throughout the Group and the SoftBank Group companies Management Regulations which spell out policy and system of the Group companies management. In addition, the following have been established to determine rules that should be abided by Group companies as well as their directors and employees:

(1) A group chief information security officer (GCISO) has been appointed to promote the establishment and reinforcement of Group-wide information security systems, as the person ultimately responsible for information security throughout the Group.

(2) A group compliance officer (GCO) has been appointed to promote the establishment and

reinforcement of Group-wide compliance systems, as the person ultimately responsible for compliance throughout the Group. A Group Hotline has also been established to receive reports and provide consultation to directors and employees of Group companies to quickly identify, rectify, and prevent the reoccurrence of any inappropriate issues in corporate activities.

(3) The representative of each Group company must submit a Representative Oath pertaining to the financial reports submitted to the Company, thereby ensuring the accuracy of the annual securities report and other reports submitted by the Group.

(4) The Internal Audit Department comprehensively judges the results of past internal audits, financial position, and carries out internal audits of Group companies deemed as having high risk.

(5) While each Group company addresses risk in an effort to reduce and prevent any possible risks, in the event of emergency, each Group company follows the escalation flow of the Company to minimize damage (loss) in accordance with the Company's instruction.

6. System for excluding antisocial forces

The Company clearly states in the SoftBank Group Officer and Employee Code of Conduct its policy of having absolutely no association with antisocial forces that pose a threat to public order and safety. The General Administration Department is responsible for dealing with inappropriate requests from antisocial forces and will firmly refuse those requests in a resolute manner in cooperation with the police and other external specialist institutions.

7. System relating to support staff that assists the Audit & Supervisory Board Members, and matters relating to the independence of the relevant employees from the directors

The Company has established the Assistant to Audit Department as an organization to support the work of the Audit & Supervisory Board Members, and has assigned dedicated staff to this department. Directions and instructions to the support staff are issued by the Audit & Supervisory Board Members and any personnel changes, evaluations, or other such actions, require the agreement of the Audit & Supervisory Board Members.

8. System for reporting to the Audit & Supervisory Board Members

Directors and employees of the Company will report the following matters to the Audit & Supervisory Board Members:

(1) Important matters related to the management, finances, or business execution of the Company or the Group companies.

(2) Matters related to the compliance system or use of the hotlines.

(3) The development status of internal control systems.

(4) Matters which could cause significant damage to the Company.

(5) Matters relating to violations of laws, regulations, or the Articles of Incorporation.

(6) Results of audits conducted by the Internal Audit Department.

(7) Other matters that the Audit & Supervisory Board Members have decided that need to be reported in order for them to execute their duties.

9. <u>Other systems to ensure that the audits by the Audit & Supervisory Board Members are conducted effectively</u>

When the Audit & Supervisory Board Members deem it necessary, opportunities shall be provided for them to interview directors or employees. In addition, the Audit & Supervisory Board Members periodically meet with the independent auditor and the Audit & Supervisory Board Members of major subsidiaries and other entities for an exchange of information and to ensure cooperation. At the same time, the Full-time Audit & Supervisory Board Member attends meetings of major committees including the Departmental Liaison Committee, which is made up of department managers of the Company.

Notes to consolidated financial statements

(Basis of Presentation of Consolidated Financial Statements)

1. Basis of financial statements preparation

Consolidated Financial statements of SoftBank Corp. and its subsidiaries are prepared on the basis of International Financial Reporting Standard (the "IFRS") in compliance with Article 120, paragraph 1 of the Company Accounting Regulations from this fiscal year. In compliance with the same article, certain disclosures required on the IFRS are omitted.

Note. Abbreviations used in the notes are as follows:

Abbreviation	Company name /Group name
"the Company"	SoftBank Corp. and its subsidiaries
"Sprint"	Sprint Corporation (previously Sprint Nextel Corporation)
"Clearwire"	Clearwire Corporation
"GungHo"	GunHo Online Entertainment, inc.
"Supercell"	Supercell Oy
"Kahon 3"	Kahon 3 Oy
"SoftBank C&S"	SoftBank Commerce & Service Corp.

2. Changes in scope of consolidation

Number of Consolidated subsidiaries: 756

Names of main consolidated subsidiaries

SoftBank Mobile Corp., Sprint Corporation, SoftBank BB Corp., SoftBank Telecom Corp., Yahoo Japan Corporation,

and SoftBank Holdings Inc.

<Increase>

Significant changes:

GungHo Online Entertainment, Inc.	Additional acquisition and other
Sprint Corporation (previously Sprint Nextel Corporation)	Newly acquired
WILLCOM, Inc.	Termination of rehabilitation proceedings
Supercell Oy	Newly acquired
Brightstar Corp.	Newly acquired

3. Changes in scope of equity method associates

Number of equity associates: 105

Name of main entity under equity method associate

Alibaba Group Holding Limited

<Decrease>

Significant changes:

GungHo Online Entertainment, Inc. Changed to consolidated subsidiary

4. Fiscal year ends of equity method associate

The Company applies equity method to the financial statements of Alibaba Group Holding Limited, an associate of the Company, on a three-month time lag, as it is impracticable to conform the reporting period of Alibaba Group Holding Limited due to the contract with Alibaba Group Holding Limited. Adjustments are made for significant transactions or events which occurred during the intervening period and announced publicly by Alibaba Group Holding Limited.

5. Summary of significant accounting policies

(1) Evaluation standards and methods for Financial instruments

a. Financial assets

Financial assets are measured at fair value at initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets other than financial assets at fair value through profit or loss ("financial assets at FVTPL") is added to the fair value of the financial assets at initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL is recognized in profit or loss.

b. Non-derivative financial assets

Non-derivative financial assets are classified into "financial assets at FVTPL", "held-to-maturity investments", "loans and receivables," and "available-for-sale financial assets." The classification depends on the nature and purpose of the financial assets and is determined at initial recognition.

(a) Financial assets at FVTPL

The Company designates a financial asset as a financial asset at FVTPL upon initial recognition, if:

・ the financial assets are managed in accordance with the Company's documented risk management policy or investment strategy, and:
・ its performance is reviewed on the fair value basis by the Company's management to make decisions about the investment plan.

Subsequent to initial recognition, financial assets at FVTPL are stated at fair value, with any gains or loss arising from changes in fair value, dividend income and interest income recognized in profit or loss.

(b) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as "held-to-maturity investments."

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment. Interest income based on the effective interest rate is recognized in profit or loss.

(c) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables."

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income based on the effective interest rate is recognized in profit or loss.

(d) Available-for-sale financial assets

Non-derivative financial assets are classified as "available-for-sale financial assets," if:

・ those are designated as "available-for-sale financial assets"; or
・ those are classified neither as "financial assets at FVTPL," "held-to-maturity investments," nor "loans and receivables."

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and gains or losses arising from changes in fair value are recognized in other comprehensive income. Exchange differences arising on monetary financial assets classified as available-for-sale financial assets, interest income calculated using the effective interest method relating to available-for-sale financial assets and dividends received are recognized in profit or loss.

(e) Impairment of financial assets

Among financial assets other than those at FVTPL, available-for-sale equity instruments are assessed for any objective evidence of impairment at the end of the fiscal year and at the end of each quarter, and the other assets are assessed for any objective evidence of impairment at the end of the fiscal year. Financial assets are impaired when there is objective evidence that loss events occurred subsequent to initial recognition of the financial assets and when estimated negative future cash flows of the financial assets from those events can be reasonably estimated.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value below the cost is considered to be objective evidence of impairment. In addition, objective evidence of impairment of all financial assets could include:

・ significant financial difficulty of the issuer or borrower;
・ breach of contract, such as a default or delinquency in interest or principal payments;
・ high possibilities of borrowers' bankruptcy or entering financial reorganization; or
・ disappearance of an active market for the financial assets.

The Company assesses the existence of objective evidence of impairment individually for separately significant assets or collectively for assets with no individual significance.

When there is objective evidence of impairment on loans and receivables or held-to-maturity investments, the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate, is recognized in profit or loss as an impairment loss. The impairment loss is recognized through the use of an allowance account, and the carrying amount of a loan and receivable is written off against the allowance account when it is considered uncollectible.

The carrying amount of held-to-maturity investments is reduced by the impairment loss directly. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset does not exceed what the amortized cost would have been had the impairment not been recognized.

When there is objective evidence that an available-for-sale financial asset is impaired, previously recognized accumulated other comprehensive income is transferred to profit or loss. Impairment losses on equity instruments classified as available-for-sale financial assets are not reversed.

c. Derivatives and hedge accounting

(a) Derivatives

The Company is engaged in derivative transactions, including foreign currency forward contract and interest rate swaps in order to manage its exposure to foreign exchange rate and interest rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently measured at their fair values at the end of fiscal year. Changes in the fair value of derivative are recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument.

(b) Hedge accounting

The Company designates certain derivative transactions as hedging instruments and accounts for them as cash flow hedges.

At the inception of the hedge, the Company formally designates and documents the hedge relationship qualifying for hedge accounting, along with its risk management objectives and its strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Company evaluates whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the relevant hedged item.

The effective portion of changes in the fair value of derivatives that are designated and qualifying as cash flow hedges is recognized in other comprehensive income and accumulated in equity. Accumulated other comprehensive income is transferred to profit or loss through a line item relating to the hedged item in the consolidated statement of income, in the periods when the cash flows from the hedged item affect profit or loss. Any ineffective portion of changes in fair value of derivatives is recognized immediately in profit or loss.

When the hedged forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the Company removes the associated gains or losses previously recognized in accumulated other comprehensive income and includes them in the initial amount of the cost of the non-financial asset or non-financial liability (Basis adjustment).

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised or when hedge no longer meets the criteria for hedge accounting.

When hedge accounting is discontinued, any gains or losses recognized in accumulated other comprehensive income remains in equity and is reclassified to profit or loss when the forecasted transaction is ultimately recognized in profit or loss. When a forecasted transaction is no longer expected to occur, the gains or losses recognized in accumulated other comprehensive income is reclassified immediately to profit or loss.

(c) Embedded derivatives

Derivatives embedded in non-derivative host contracts (“embedded derivatives”) are separated from the host contracts and accounted for as separate derivatives when their economic characteristics and risks are not closely related to those of the host contracts and the whole financial instruments, including embedded derivatives, are not measured at FVTPL.

(2) Evaluation standards and methods for inventories

Inventories are stated at the lower of cost or net realizable value. Inventories mainly consist of mobile handsets and accessories. Their costs comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The costs are mainly calculated on the moving-average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(3) Evaluation standards, valuation methods, and depreciation or amortization methods for Property, plant and equipment and intangible assets

a. Property, plant and equipment

Property, plant and equipment are measured on a historical cost basis, less accumulated depreciation and accumulated impairment losses. Historical cost includes costs directly attributable to the acquisition of the asset and the initial estimate of costs related to disassembly, retirement and site restoration.

Property, plant and equipment are depreciated mainly using the straight-line method over the estimated useful lives of each component. The depreciable amount is calculated as the cost of an asset, less its residual value. Land and construction in progress are not depreciated.

The estimated useful lives of major component of property, plant and equipment are as follows:

Buildings and structures	
Buildings	30 - 50 years
Other	5 - 15 years
Telecommunications equipment	
Wireless equipment, switching equipment, and other network equipment	3 - 15 years
Towers	15 - 42 years
Other	5 - 40 years
Other	2 - 10 years

The depreciation methods, useful lives, and residual values of assets are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in an accounting estimate.

Assets held under finance leases are depreciated over their estimated useful lives when there is certainty that ownership will be obtained by the end of the lease term. However, when there is no certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term or their estimated useful lives.

b. Intangible assets

Intangible assets are measured on a historical cost basis at cost, less accumulated amortization and accumulated impairment losses.

Intangible assets acquired separately are measured at cost at initial recognition. Intangible assets acquired in a business combination are recognized separately from goodwill at initial recognition and are measured at fair value at the acquisition date. Any internally generated research and development expenditure is recognized as an expense in the period in which it is incurred, except for expenditures on development activities eligible for capitalization (internally generated intangible assets). The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets all of the capitalization criteria to the date the development is completed.

There are intangible assets with finite useful lives and intangible assets with indefinite useful lives.

The intangible assets with finite useful lives are amortized over the estimated useful lives. Amortization of the customer relationships is calculated by the sum-of-the-digits method and intangible assets with finite useful lives other than customer relationships are amortized by the straight-line method.

The estimated useful lives of major categories of intangible assets with finite useful lives are as follows:

Software	
Software related to wireless equipment	5 - 10 years
Other	3 - 5 years
Customer relationships	4 - 16 years
Favorable lease contracts	3 - 23 years
Game titles	3 - 5 years
Trademarks (with finite useful lives)	34 years
Other	3 - 20 years

Amortization methods, useful lives and residual values of assets are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in an accounting estimate.

Favorable lease contracts are recognized as intangible assets based on the estimated fair value of favorable portion of future cash flows if, at the time of business combinations, the terms of operating lease contracts in which the acquiree is the lessee are favorable compared to market terms at acquisition date.

Intangible assets with indefinite useful lives are as follows:

・ Licenses using specific frequency spectrum granted by Federal Communications Commission (“FCC Licenses”)
・ Trademarks (with indefinite useful lives)

As long as the Company acts within the requirements of the regulatory authorities, the renewal and extension of FCC Licenses are reasonably certain at minimal cost. Since the development of any technology that would render this spectrum obsolete is not known, it is determined that FCC licenses have indefinite useful lives. The Company determined that “Sprint”, “Boost Mobile” and other trademarks have indefinite useful lives as they can be legally used continuously as long as the business continues.

The intangible assets with indefinite useful lives and the intangible assets that are not yet available for use are not amortized. The impairment is described in “(5) Impairment of property, plant and equipment, intangible assets and goodwill”.

(4) Accounting policy of goodwill

Please refer to “(9) Accounting policy of Business combinations” for the measurement of goodwill at initial recognition. Goodwill is measured at cost less accumulated impairment losses.

Goodwill is not amortized, and is tested for impairment when there is an indication of impairment in cash-generating units to which goodwill has been allocated, and annually regardless of any indication of impairment. Impairment is described “(5) Impairment of property, plant and equipment, intangible assets and goodwill”

Any excess in the cost of acquisition of an associate over the Company’s share of the net fair value of the identifiable assets and liabilities recognized at the date of acquisition is recognized as goodwill and included within the carrying amount of the investments in associates.

Because goodwill is not separately recognized, it is not tested for impairment separately. Instead, the entire carrying amount of the investment in associates, including goodwill, is tested for impairment as a single asset whenever objective evidence indicates that the investment may be impaired.

(5) Impairment of property, plant and equipment, intangible assets and goodwill

a. Impairment of property, plant and equipment and intangible assets

At the end of fiscal year, the Company determines whether there is any indication that property, plant and equipment and intangible assets may be impaired.

If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
The intangible assets with indefinite useful lives and the intangible assets that are not yet available for use are tested for impairment annually regardless of whether there is any indication of impairment.

The recoverable amount is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and an impairment loss is recognized in loss.

At the end of fiscal year, the Company evaluates whether there is any indication that an impairment loss recognized in prior years for assets other than goodwill have decreased or extinguished. If such indication of a reversal of an impairment loss exists, the recoverable amount of the asset or cash-generating unit is estimated. If the recoverable amount of an asset or cash-generating unit is estimated to be greater than its carrying amount, a reversal of an impairment loss is recognized, to the extent the increased carrying amount does not exceed the lower of the recoverable amount or the carrying amount (net of depreciation and amortization) that would have been determined had no impairment loss been recognized.

b. Impairment of goodwill

At the end of the fiscal year and at the end of each quarter, the Company determines whether there is any indication that goodwill may be impaired.

Goodwill is allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies arising from the combination, and it is tested for impairment annually regardless of any indication of impairment, and when there is an indication that the cash-generating unit may be impaired. If, at the time of the impairment test, the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or groups of cash-generating units and then to the other assets pro rata based on the carrying amount of each asset in the unit or groups of cash-generating units.

Any impairment loss for goodwill is recognized directly in loss and is not reversed in subsequent periods.

(6) Accounting principles for major allowances

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured using the estimated future cash flows, discounted using a pretax rate reflecting the time value of money and the specific risks of the liability, after taking into account the risks and uncertainties surrounding the obligation at the end of the fiscal year.

The Company recognizes asset retirement obligations and restructuring provision as provisions.

Restructuring provisions are recognized when the Company has a detailed formal plan for the restructuring and has raised a valid expectation to those who will be affected that the Company will carry out the restructuring by starting to implement the plan or announcing its main features of the plan.

(7) Accounting policy for revenue recognition

The Company's main accounting policy for revenue recognition is as follows:

a. Mobile Communications service and sales of mobile handsets

The Company provides mobile telecommunications services, which consist of voice communications and data transmission, and also sells mobile handsets and accessories to customers

In the Mobile Communications service, revenues are mainly generated from basic monthly charges, telecom service ("revenues from the mobile telecommunications service") and other fees. Also, revenues from the sale of mobile handsets ("revenues from the sale of mobile handsets") are generated from the sale of mobile handsets and accessories to customers or dealers.

The business flow of the above transactions consists of "Indirect transaction" where the Company sells mobile handsets to dealers and enters into telecommunications services contract with customers through dealers, and "Direct sales" where the Company sells mobile handsets to customers and enters into telecommunications services contract directly with customers. The revenues are recognized respectively as follows.

(a)Indirect transaction

Revenues from the sale of mobile handsets are recognized when mobile handsets are delivered to dealers, which is when with risk and economic value are deemed to be transferred. Commission fees paid to dealers related to the sales of mobile handsets are deducted from revenues.

The mobile telecommunications services are recognized as revenue when services are provided to customers. Discounts are deducted from revenues from monthly mobile telecommunications services as a discount of mobile telecommunications charges.

Activation fees are deferred upon entering into the contract and recognized as revenues over the estimated average contract period. Upgrade fees are recognized as revenues over the estimated average usage period of handsets with the customers. Direct costs related to activation are deferred to the extent of the activation fees and upgrade fees and are amortized over the respective same period.

(b) Direct sales

In direct transaction, as the revenue from the sales of mobile handsets and the mobile telecommunication services, including the fees, are considered to be one transaction, the total amount of revenues are allocated to mobile handsets and telecommunication service on the basis of fair value ratio.

When handsets are sold in installments, revenue from the sales of mobile handsets is recognized based on the fair value ratio when handsets are delivered to the customers. When handsets are sold in lump-sum payment, the maximum amount of revenues to be recognized by the sale of mobile handsets are set by the amounts to be received from customers at the sales of mobile handsets. The amount of revenue allocated to the mobile telecommunication services is recognized, when the service is provided to the customers.

Points granted to customers through the customer royalty program are deferred at their fair values of benefits to be exchanged based on the estimated point utilization rate and recognized as revenues upon customers' utilizing those points, in both direct and indirect sales.

b. Sales of game items

In games that the Company provide for mobile devices, the Company sells items that are usable in games. The revenue from the sales of those items are deferred at the time of sales, and recognized as revenue when they are actually used by the customers or over the estimated usage period, based on the characteristics of the items.

c. Fixed-line Telecommunications service

In the Fixed-line Telecommunications service, revenues are generated mainly from voice communications and digital data transmission services, internet provider charges, ADSL service fees, IP telephony service fees, and the usage of the network ("revenues from fixed-line telecommunications service").

Revenues from fixed-line telecommunications services are recognized as revenues when services are provided to customers, based upon fixed monthly charges plus the usage of the network.

d. Internet service

In Internet service, revenues are generated mainly from premium advertising, promotion advertising, information listing service, commission of e-commerce transaction, and revenues from membership.

Revenues from premium advertising are recognized over the period in which advertisements are shown on the web site. Revenue from promotion advertising is recognized when a user clicks on promotion advertisement. Revenues from information listing service are recognized over the period in which these services are shown on the website. Revenues from commissions of e-commerce transactions are recognized when the transactions occur. Membership revenues are recognized over the period in which the memberships are valid.

(8) Accounting policy for foreign currency translation

a. Transactions denominated in foreign currencies

Financial statements of each group company are prepared with the currency based on the primary economic environment in which it operates ("functional currency"). Transactions in currencies other than the entity's functional currency (foreign currencies) are translated at the rates of exchange prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated into the functional currency at the rates prevailing at the end of the fiscal year. Non-monetary items carried at fair value that are denominated in foreign currencies are translated into the functional currency at the rates prevailing at the date when the fair value was measured.

Exchange differences arising from translation are recognized in profit or loss, while exchange differences, arising from non-monetary available-for-sale financial assets measured through other comprehensive income, and cash flow hedges are recognized in other comprehensive income.

b. Foreign operations

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations (including goodwill arising from acquisitions and the adjustments of fair value) are translated into Japanese yen using exchange rates prevailing at the end of the fiscal year.

Income, expenses and cash flows are translated into Japanese yen by using the average exchange rates for the quarter. When the translated amounts do not approximate the amounts translated by the exchange rates at the dates of the transactions, the exchange rates at the transaction dates are used for the translation.

Exchange differences arising from translating the financial statements of foreign operations are recognized in other comprehensive income and cumulative differences are included in accumulated other comprehensive income.

These cumulative differences are reclassified from equity to profit or loss when the Company loses control or significant influence over the foreign operation.

With the adoption of the exemption in IFRS 1, the Company transferred all of the accumulated exchange differences to retained earnings at the date of transition, which is April 1, 2012, to IFRSs.

(9) Accounting policy of Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date.

The consideration transferred in a business combination is measured as the sum of the assets transferred by the Company, liabilities incurred by the Company from the former owners of the acquiree, and the fair value at the acquisition date of the equity interests issued by the Company. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefits are recognized and measured in accordance with IAS 12 “Income Taxes” and IAS 19 “Employee Benefits,” respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 “Share-based Payment” at the acquisition date; and
- assets or disposal groups that are classified as held for sale are measured in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations.”

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired at the acquisition date is recorded as goodwill. If the consideration transferred and the amount of any non-controlling interest in the acquiree is less than the fair value of the identifiable net assets of the acquired subsidiary, the difference is recognized immediately in profit or loss.

On an acquisition-by-acquisition basis, the Company chooses a measurement basis of non-controlling interests at either fair value or by the proportionate share of the non-controlling interests in the recognized amounts of the acquiree’s identifiable net assets. When a business combination is achieved in stages, the Company's previously held interest in the acquiree is remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss.

Amounts arising from changes in the value of interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports in its financial statements provisional amounts for the items for which the accounting is incomplete. The Company retrospectively adjusts the provisional amounts recognized at the acquisition date as the adjustment during the measurement period when new information about facts and circumstances that existed as of the acquisition date and, if known, would have affected the recognized amounts for the business combination. The measurement period shall not exceed one year from the acquisition date.

The Company has adopted the exemption in IFRS 1 and elected not to apply IFRS 3 “Business Combinations” retrospectively to business combinations that occurred before April 1, 2012 (the date of transition to IFRSs). Goodwill arising in business combinations that occurred before the date of transition to IFRSs is carried over at the carrying amount under the previous accounting standard (JGAAP) as of the date of transition to IFRSs, and recorded by that amount after impairment test.

(10) Accounting method for consumption taxes

Consumption taxes are accounted for using the net method of reporting.

(Changes in accounting estimates)

For the three-month period ended June 30, 2013, the Company changed its assumptions and estimates related to the acquisition of Sprint, which are used as material basis for the carrying amount of the convertible bonds issued by Sprint Nextel Corporation and held by a subsidiary, Starburst II, Inc. The corporate bond was converted to the shares of Sprint shares in July 2013.

The details are described in “(Consolidated Statements of Income) Note 3. Other non-operating income and loss, (1)”

(Business combinations)

1. GungHo Online Entertainment, Inc.

(1) Overview of consolidation

Masayoshi Son, chairman and CEO of the SoftBank Corp., has entered into a Memorandum of Understanding on Exercise of Voting Rights for Deferment of Execution of Pledges (the "MOU") with respect to the shares of GungHo on April 1, 2013, with Heartis G.K. (the "Heartis"; percentage of voting interest: 18.5%), which is the second largest shareholder of GungHo and Taizo Son's asset management company and of which Taizo Son, chairman of GungHo, is the representative director. Under the MOU, in order to have Son Holdings Inc., of which Masayoshi Son is a director and which is a Masayoshi Son's asset management company, defer the execution of pledges over the shares of GungHo held by Heartis, Heartis has agreed, effective as of April 1, 2013, to the effect that at the shareholders meeting of GungHo, Heartis will exercise the voting rights for all of the shares of GungHo it holds in accordance with Masayoshi Son's directions. Also, a subsidiary of the Company, SoftBank Mobile Corp., undertook the Tender Offer from April 1, 2013 to April 26, 2013 and acquired 6.37% of GungHo shares (purchase price: ¥24,976 million). The Company and Heartis together came to represent the majority of the voting rights in GungHo's shares (percentage of voting interest: 58.50%) and GungHo Online Entertainment changed from an equity method associate to a subsidiary of the Company.

With this transaction, the Company expects that it will be able to enhance mobile content, and to improve the efficiency in operation of the mobile communications business and profitability competitiveness by combining smartphone-focused development capability and infrastructure held by the Company, and planning and creating capabilities in the smartphone game industry held by GungHo.

(Business Description of GungHo)

(a) Planning, development, operation and distribution of online games
(b) Planning, development and sales of mobile content
(c) Planning, development and sales of character goods
(d) Planning, development and distribution of other entertainment content

(Acquisition date)

April 1, 2013

(2) Consideration transferred and the components

		(Millions of yen) Acquisition date (April 1, 2013)
Payment by cash		24,976
Fair value of equity interest in GungHo already held at the time of the acquisition		153,620
Total consideration transferred	A	178,596

Acquisition-related costs of ¥109 million arising from the business combinations are recognized in "Selling, general and administrative expenses."

As a result of the reevaluation of 33.63% in equity interest already held at the time of the acquisition of control by the Company in GungHo at fair value on the acquisition date, the Company recognized a gain on the step acquisition of ¥150,120 million. This gain is presented as "Income from remeasurement relating to business combination" in the consolidated statements of income.

(3) Fair values of assets and liabilities, non-controlling interests and goodwill on the acquisition date

(Millions of yen)
Acquisition date
(April 1, 2013)

Current assets		36,903
Intangible assets		80,814
Other non-current assets		4,511
Total assets		122,228
Current liabilities		10,897
Non-current liabilities		29,949
Total liabilities		40,846
Net assets	B	81,382
Non-controlling interests[1]	C	48,818
Goodwill[2]	A-(B-C)	146,032

Notes:

1. Intangible assets

¥ 77,796 million of game titles is included in intangible assets

2. Non-controlling interests

Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured based on the proportionate interests at acquisition date in the identifiable net assets of the acquiree at acquisition date.

3. Goodwill

Goodwill reflects excess earning power expected from the future business development and assembled workforce for game development and others, and the synergy with existing businesses.

(4) Decrease from acquisition of control over subsidiaries

	(Millions of yen) Acquisition date (April 1, 2013)
Payment for the acquisition by cash	(24,976)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	11,025
Decrease in cash from the acquisition of control over the subsidiary	(13,951)

(5) Sales and net income of the acquiree

The amount of the acquiree's sales and net income before elimination of inter-company transactions and after the acquisition date are ¥181,056 million and ¥42,857 million respectively, which are recorded in the consolidated statements of income for the fiscal year ended March 31, 2014.

In addition, the above net income includes amortization expenses, which are related to intangible assets recognized at the acquisition date, and others.

2. Sprint

(1) Overview of consolidation

On October 15, 2012, the Company and Sprint entered into a series of definitive agreements under which the Company will invest in Sprint. After the completion of negotiations, the Company and Sprint agreed to amend a portion of the Transaction on June 11, 2013.

On July 10, 2013, SoftBank Corp. capitalized, through a wholly owned subsidiary, Starburst I, Inc., Sprint with an additional $18.5 billion and the total investment of SoftBank Corp. amounted to $21.6 billion, including $3.1 billion of corporate bonds with stock acquisition rights issued by Sprint Nextel Corporation (the “Bond”) invested by Starburst II, Inc. on October 22, 2012. Of the invested amounts of $21.6 billion, $16.6 billion was distributed to existing individual Sprint’s shareholders and $5 billion is used to strengthen Sprint. The Bond held by Starburst II, Inc. was converted into shares.

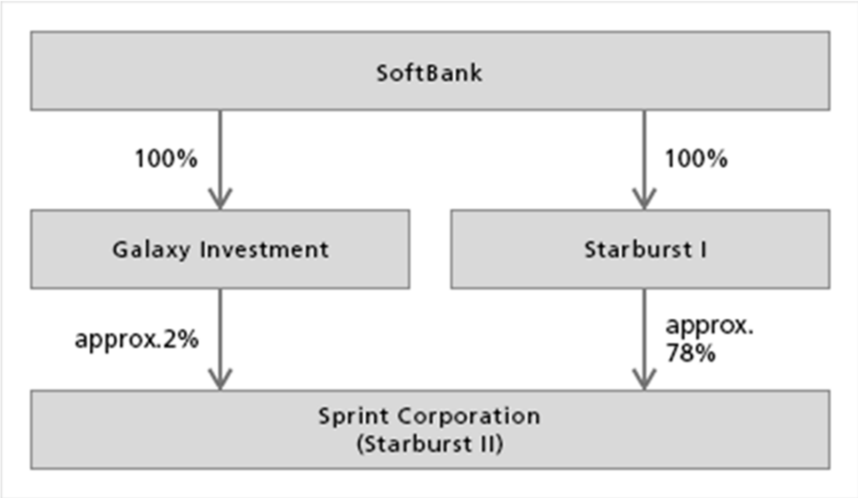
Through the Transaction, approximately 72% of Sprint Nextel Corporation shares were acquired for $7.65 per share in cash, and the remaining shares were converted into Sprint shares on a one-to-one basis, which succeeded Sprint Nextel Corporation and became listed on the New York Stock Exchange.

As a result of the Transaction, Starburst I, Inc., owns approximately 78% of the shares of Sprint and Sprint became a subsidiary of SoftBank Corp.

Prior to the Transaction, Clearwire, a company providing high-speed wireless communication services in the U.S., became a wholly owned subsidiary of Sprint on July 9, 2013.

From August 1, 2013 to September 16, 2013, SoftBank Corp., through Galaxy Investment Holdings, Inc., a wholly-owned subsidiary in the U.S., additionally purchased approximately 2% of the shares of Sprint (purchase price: $500 million). As a result, the Company’s ownership in the outstanding Sprint common stock became approximately 80% as of March 31, 2014.

(Structure after completion of the Transaction)



(2) Purpose of consolidation

a. Enables the Company to establish an operating base as one of the largest mobile Internet companies in the world. The combined subscriber base will be one of the largest between the U.S. and Japan*.

b. Enables the Company to leverage its deep expertise in smartphones and next-generation mobile networks, and its track record of success in competing in mature markets with large incumbents, to enhance competitiveness of Sprint in the U.S.

c. Provides Sprint $5 billion of new capital for its mobile network, strategic investments, and balance sheet as part of its continued efforts to fortify its operating base towards future growth.

Note:
Based on Telecommunications Carriers Association ("TCA") data and disclosed material by relevant companies as of the end of June 2013.

(3) Summary of Sprint

Name	Sprint Corporation
Address	6200 Sprint Parkway, Overland Park, Kansas
Name and title of representative	Dan Hesse, Chief Executive Officer and Director
Business description	Holding company Provision of telecommunications services through its operating subsidiaries
Note	The Chairman of the Board and the Vice Chairman of the Board were assumed by Masayoshi Son, the Chairman & CEO of SoftBank Corp. and Ronald Fisher, Director of SoftBank Corp., respectively. Adm. Mike Mullen, former Chairman of the Joint Chiefs of Staff, has been appointed as the Director in charge of security.
Consolidated sales	$35,493 million (Fiscal year ended December 2013, US GAAP)

(4) Acquisition date
July 10, 2013

(5) Consideration transferred and the component

		(Millions of yen) Acquisition date (July 10, 2013)
Payment by cash		1,875,149
Conversion of corporate bonds with stock acquisition rights held at the time of acquisition		313,534
Total consideration transferred	A	2,188,683

Acquisition-related costs of ¥12,106 million arising from the business combination are recognized in "Selling, general and administrative expenses", with ¥3,751 million for the year ended March 31, 2013, and ¥8,355 million for the fiscal year ended March 31, 2014.

(6) Fair values of assets and liabilities, non-controlling interests and goodwill on the acquisition date

		(Millions of yen) Acquisition date (July 10, 2013)
Current assets		
Cash and cash equivalents		447,873
Trade and other receivables[1]		322,957
Other financial assets		111,764
Inventories		105,318
Other current assets		42,655
Total current assets		1,030,567
Non-current assets		
Property, plant and equipment[2]		1,291,364
Intangible assets[2]		5,301,283
Other financial assets		23,938
Other non-current assets		12,394
Total non-current assets		6,628,979
Total assets		7,659,546
Current liabilities		
Interest-bearing debt[2]		86,961
Trade and other payables		632,348
Income taxes payables		4,553
Provisions[3]		106,630
Other current liabilities		282,501
Total current liabilities		1,112,993
Non-current liabilities		
Interest-bearing debt[2]		2,668,163
Other financial liabilities		5,662
Defined benefit liabilities		65,763
Provisions[3]		143,739
Deferred tax liabilities[4]		1,409,387
Other non-current liabilities		184,106
Total non-current liabilities		4,476,820
Total liabilities		5,589,813
Net assets	B	2,069,733
Non-controlling interests[5]	C	467,910
Basis adjustment[6]	D	311,659
Goodwill[7]	A-(B-C)-D	275,201

Consideration transferred is allocated to acquired assets and assumed liabilities based on the fair value on the acquisition date. The above amounts, which are provisional fair values based on the best estimate at present, may change for a year from the acquisition date when additional information related to facts and circumstances that existed as of the acquisition date, may be obtained.

The above amount is translated at the exchange rate (USD = JPY101.14) as of the acquisition date.

Notes:

1. Estimation of fair values of acquired receivables, contractual amounts receivables and amounts not expected to be collected

   As for the fair value of ¥322,957 million of acquired receivables and other receivables (mainly sales receivables), the total amount of contracts is ¥343,792 million and the estimate of the contractual cash flows not expected to be collected at the acquisition date is ¥20,835 million.

2. Property, plant and equipment, Intangible assets and Interest-bearing debt

   Breakdown is as follows

a. Property, plant and equipment

	(Millions of yen) Acquisition date (July 10, 2013)
Buildings and structures	140,270
Telecommunications equipment	794,524
Land	18,362
Construction in progress	298,928
Other	39,280
Total	1,291,364

b. Intangible assets

	(Millions of yen) Acquisition date (July 10, 2013)
Intangible assets with indefinite useful lives	
FCC Licenses[8]	3,612,994
Trademarks	600,266
Intangible assets with finite useful lives	
Software	138,330
Customer relationships	700,192
Favorable lease contracts	148,979
Trademarks	52,593
Other	47,929
Total	5,301,283

c. Interest-bearing debt

	(Millions of yen) Acquisition date (July 10, 2013)
Current	
Current portion of long-term borrowings	13,380
Current portion of corporate bonds	63,317
Current portion of lease obligations	10,264
Total	86,961
Non-current	
Long-term borrowings	34,854
Corporate bonds	2,590,208
Lease obligations	43,101
Total	2,668,163

3. Provisions

Provisions recognized by the business combination are mainly asset retirement obligations, lease exit costs related to the shutdown of the Nextel Platform, and exit costs related to payments that will continue to be made under Sprint's backhaul access contracts for which it will no longer be receiving any economic benefit. Backhaul is an

intermediary network which connects the cell towers to the local switching center.

4. Deferred tax liabilities

Deferred tax liabilities recognized by this business combination are mainly temporary differences related to FCC Licenses, and trademarks with indefinite useful lives.

5. Non-controlling interests

Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured based on the proportionate interests at acquisition date in the identifiable net assets of the acquiree at acquisition date

6. Basis adjustment

The Company entered into a foreign currency forward contract to hedge exchange risks resulting from the investment in Sprint. This scheduled transaction was designated as a cash flow hedge. ¥311,659 million, the fair value of the hedging instruments at the acquisition date was deducted from initial amount of goodwill which was recognized from the acquisition.

7. Goodwill

Goodwill reflects excess earning power expected from the future business development and the synergy with existing businesses.

8. FCC Licenses

Licenses issued by the U.S. Federal Communications Commission (FCC) for use of specified frequently bands.

(7) Decrease from acquisition of control over subsidiaries

	(Millions of yen) Acquisition date (July 10, 2013)
Payment for the acquisition by cash	(1,875,149)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	447,873
Decrease in cash from the acquisition of control over the subsidiary	(1,427,276)
Proceeds from settlement of foreign currency forward contract for acquisition of control of subsidiaries	310,104
Decrease in cash from the acquisition of control over the subsidiary, net	(1,117,172)

(8) Sales and net loss of the acquiree

The amounts of the acquiree's sales and net loss before elimination of inter-company transactions after the acquisition date, which are recorded in the consolidated statements of income for the fiscal year ended March 31, 2014, are ¥2,601,031 million and ¥188,396 million, respectively.

In addition, the above net loss includes amortization expenses, which are related to intangible assets recognized at the acquisition date, and others.

3. WILLCOM, Inc.

(1) Overview of consolidation

SoftBank Corp. owns 100% of shares issued by WILLCOM, Inc. However, WILLCOM, Inc. was in the process of rehabilitation under the Corporate Reorganization Act and SoftBank Corp. did not have effective control over WILLCOM, Inc. Therefore, WILLCOM, Inc. was not treated as a subsidiary.

WILLCOM, Inc. made prepayments of rehabilitation claims and rehabilitation security interests in June 2013, and filed a petition with the Tokyo District Court for the termination of its rehabilitation proceedings. WILLCOM, Inc. received an order of termination of rehabilitation proceedings from the Tokyo District Court on July 1, 2013. Consequently, WILLCOM, Inc. became a subsidiary of SoftBank Corp.

WILLCOM, Inc. is scheduled to conduct an absorption type merger with eAccess Ltd., eAccess Ltd. being the surviving company and WILLCOM, Inc. being the dissolving company, effective on June 1, 2014. After the merger, SoftBank Corp. is scheduled to transfer all shares of eAccess Ltd. owned by SoftBank Corp. to Yahoo Japan Corporation on June 2, 2014.

(Business description of WILLCOM, Inc.)

Telecommunications business

(Acquisition date)

July 1, 2013

(2) Consideration transferred and the components

		(Millions of yen) Acquisition date (July 1, 2013)
Fair value of equity interest in WILLCOM, Inc. already held at the time of the acquisition		104,070
Total consideration transferred	A	104,070

As a result of the reevaluation of 100% equity interest already held by the Company at the time of the acquisition of control in WILLCOM, Inc. at fair value, the Company recognized a gain of ¥103,766 million. This gain is presented as "Income from remeasurement relating to business combination" in the condensed interim consolidated statements of income.

(3) Fair value of assets and liabilities, non-controlling interests and goodwill on the acquisition date

		(Millions of yen) Acquisition date (July 1, 2013)
Current assets		80,843
Property, plant and equipment		46,026
Intangible assets[1]		43,639
Other non-current assets		14,883
Total assets		185,391
Current liabilities		83,958
Non-current liabilities		16,284
Total liabilities		100,242
Net assets	B	85,149
Non-controlling interests[2]	C	222
Goodwill[3]	A-(B-C)	19,143

Notes:

1. ¥25,004 million of customer relationships is included in intangible assets.

2. Non-controlling interests is from WILLCOM OKINAWA, Inc. (proportionate interest held by the Company is 80%), a subsidiary of WILLCOM Inc., and it is measured based on the proportionate interests after the acquisition in the identifiable net assets of the acquiree at the acquisition date.

3. Goodwill reflects excess earning power expected from the future business development, assembled workforce and the synergy with existing business.

(4) Estimation of fair values of acquired receivables, contractual amounts receivables and amounts not expected to be collected

The main components of acquired trade and other receivables are installment receivables and the fair value is ¥31,039 million. The total amount of contractual receivables is ¥31,328 million and the best estimate of the contractual cash flows not expected to be collected as of the acquisition date is ¥289 million.

(5) Increase from acquisition of control over subsidiaries

	(Millions of yen) Acquisition date (July 1, 2013)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	14,043
Increase in cash from the acquisition of control over the subsidiary	14,043

(6) Sales and net loss of the acquiree

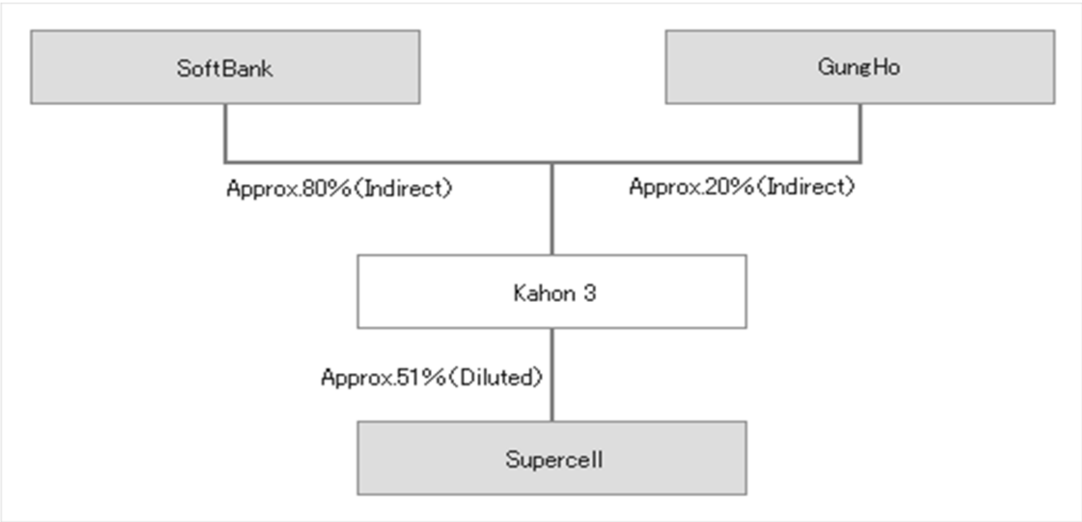
The amounts of the acquiree's sales and net loss before elimination of inter-company transactions after the acquisition date, which are recorded in the condensed interim consolidated statements of income for the year ended March 31, 2014, are ¥ 124,068 million and ¥ 4,823 million, respectively.

In addition, the above net loss includes amortization expenses, which are related to intangible assets recognized at the acquisition date, and others.

4. Supercell

(1) Overview of consolidation

SoftBank Corp. and GungHo, a subsidiary of SoftBank Corp., communally established Kahon 3, a special purpose company in Finland, SoftBank Corp. indirectly investing $1,224 million (investing ratio of approximately 80%) and GungHo indirectly investing approximately $306 million (investing ratio of approximately 20%). Through Kahon 3, the special purpose company, SoftBank Corp. and GungHo acquired approximately 51% (diluted) of voting stock of Supercell, with a total of $1.53 billion (¥150,720 million) on October 31, 2013. Accordingly, Supercell, a mobile game company headquartered in Finland, became a subsidiary of SoftBank Corp.



(2) Purpose of consolidation

Supercell is a mobile game company headquartered in Finland. This new strategic partnership with SoftBank Corp. and GungHo will help accelerate Supercell's goal of becoming "the first truly global games company."

GungHo started its online game business in 2002, and it has since accumulated significant expertise and produced notable results in the development and operation of online games. Through the Transaction, GungHo will leverage Supercell's position among the apps in the Games category of the App Store and marketing power abroad to enhance its global expansion.

(3) Summary of Supercell

Name	Supercell Oy
Address	Itämerenkatu 11-13 00180 Helsinki Finland
Name and title of representative	Ilkka Paananen, CEO
Business description	Mobile/Social interactive entertainment
Common stock	€2,500
Date of foundation	May 14, 2010
Consolidated sales	€519,093 thousands (the year ended December 2013, Finnish GAAP)

(4) Acquisition date

October 31, 2013

(5) Consideration transferred and the component

		(Millions of yen) Acquisition date (October 31, 2013)
Payment by cash		140,397
Total consideration transferred	A	140,397

Acquisition-related costs of ¥3,114 million arising from the business combination are recognized in “Selling, general and administrative expenses.”

Kahon 3 acquired common and preferred stocks of Supercell and options, which can convert the preferred stocks to common stocks (“conversion options”), with a total of ¥150,720 million. The consideration transferred for the business combination is ¥140,397 million, deducting the fair value of ¥10,323 million for the preferred stocks and the conversion options from the total amount of ¥150,720 million to acquire Supercell.

The fair value of ¥10,323 million for the preferred stocks and the conversion option is deducted from additional paid-in capital as “Acquisition of options to convert to subsidiaries’ common stocks” in the consolidated statements of changes in equity.

(6) Fair value of assets and liabilities, non-controlling interests and goodwill on the acquisition date

		(Millions of yen) Acquisition date (October 31, 2013)
Current assets		22,123
Intangible assets[1]		119,204
Other non-current assets		73
Total assets		141,400
Current liabilities		22,518
Non-current liabilities		23,993
Total liabilities		46,511
Net assets	B	94,889
Non-controlling interests[2]	C	53,295
Goodwill[3]	A-(B-C)	98,803

Consideration transferred is allocated to acquired assets and assumed liabilities based on a fair value on the acquisition date. The above amounts, which are provisional fair values based on the best estimate at present, may change for a year from the acquisition date when additional information related to facts and circumstances that existed as of the acquisition date may be obtained.

Notes:

1. Intangible assets
   ¥ 119,099 million of game titles is included in intangible assets

2. Non-controlling interests
Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured based on the proportionate interests at acquisition date in the identifiable net assets of the acquiree at acquisition date.

3. Goodwill
Goodwill reflects excess earning power expected from the future business development and assembled workforce for game development and others, and the synergy with existing businesses.

(7) Decrease from acquisition of control over subsidiaries

	(Millions of yen) Acquisition date (October 31,2013)
Payment for the acquisition by cash	(140,397)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	2,495
Decrease in cash from the acquisition of control over the subsidiary	(137,902)

(8) Sales and net income of the acquiree
The amounts of the acquiree's sales and net income before elimination of inter-company transactions after the acquisition date, which are recorded in the condensed interim consolidated statements of income for the fiscal year ended March 31, 2014, are ¥54,841 million and ¥3,799 million, respectively.

In addition, the above net income includes amortization expenses, which are related to intangible assets recognized at the acquisition date, and others.

5. Brightstar Corp.

(1) Overview of consolidation

The Company completed the acquisition of all common and preferred stocks of Brightstar Corp., a mobile device distributor in the United States, and the establishment of the organization for the Transaction on January 30, 2014. Accordingly, Brightstar Corp. became a subsidiary of the Company. At the completion of the Transaction, the Company owns approximately 57% of the voting rights of Brightstar Global Group Inc. that owns 100% of Brightstar Corp.

In the Transaction, SoftBank Corp. invested a total of $1.26 billion (¥128.4 billion[1]) into Brightstar Global Group Inc., of which SoftBank Corp. owns all the interests. SoftBank Corp. received newly-issued common stocks of Brightstar Global Group Inc., newly-issued non-voting preferred stocks of Brightstar Global Group Inc. that have an aggregate liquidation preference of $860 million, and warrant (the "Warrant") that provides SoftBank Corp. with the rights to acquire a number of common stocks of Brightstar Global Group Inc. for de minumis value. The Warrant entitles SoftBank Corp. to raise its ownership of the common stocks of Brightstar Global Group Inc. to approximately 70% over five years. Brightstar Global Group Inc. acquired all common and preferred stocks (including payment of accrued dividends) of Brightstar Corp. from existing shareholders for consideration of $1.11 billion and newly issued common stocks Brightstar Global Group Inc. representing approximate 43% of the common shares issued.

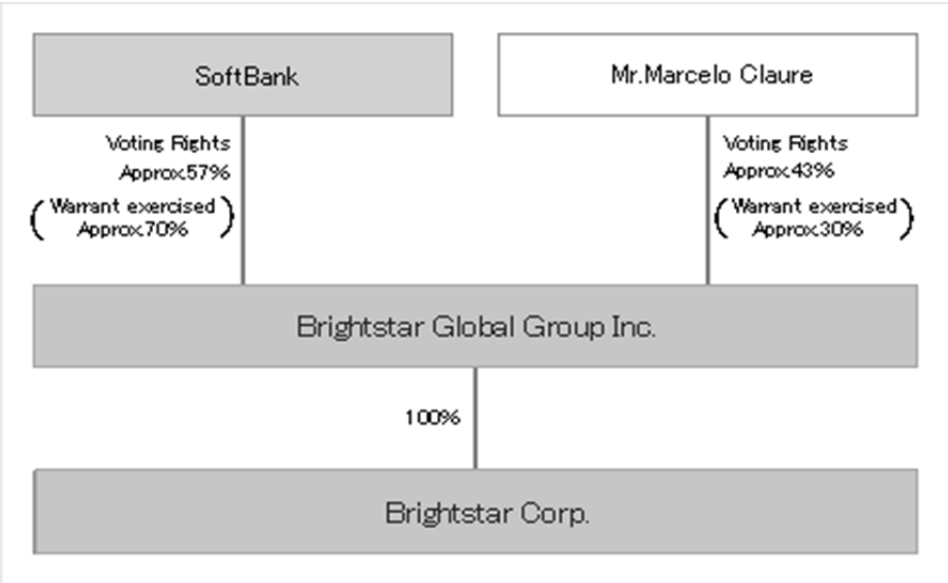
As a result of the Transaction, SoftBank Corp. owns approximately 57% of the voting rights and common shares of the Brightstar Global Group Inc. that owns 100% of Brightstar Corp., and Mr. Marcelo Claure, Chairman and CEO of Brightstar Corp., owns approximately 43%. Accordingly, Brightstar Corp. became a subsidiary of the Company. The Company accounts for Brightstar Global Group Inc. as a acquiree.

The Company uses $1.11 billion out of the total investment of $1.26 billion to complete the Brightstar Corp. share purchases, and the remaining $0.15 billion of SoftBank Corp.'s investment will be contributed to Brightstar Corp. in order to fund, among others, ongoing corporate activities.

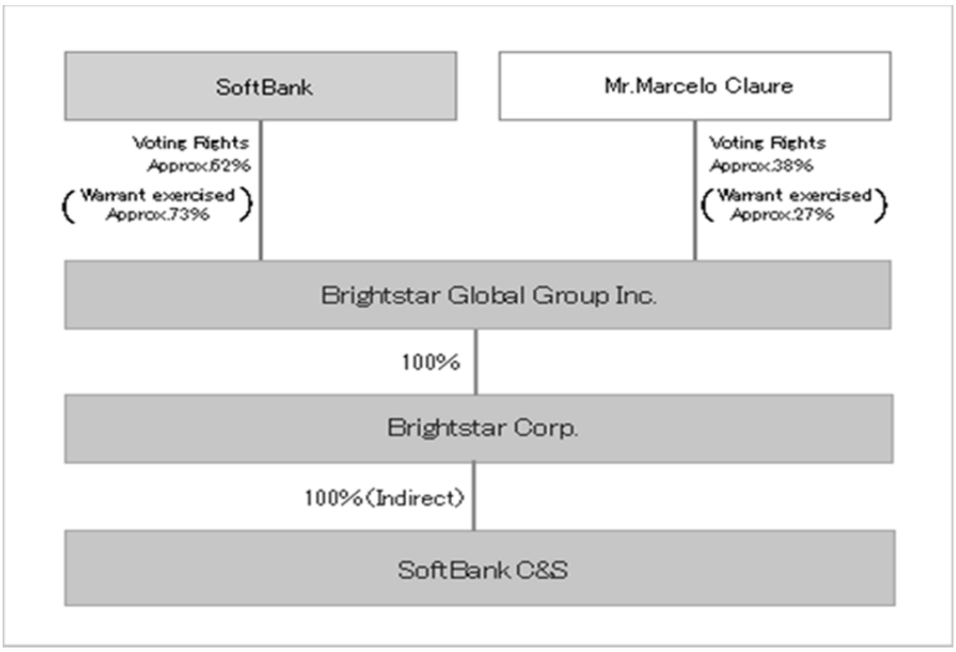
SoftBank Corp. plans to ratably exercise the Warrant to increase its ownership in Brightstar Global Group Inc. to obtain approximately 70% of the voting power, and common stock, over the five year vest period.

SoftBank BB Corp., a subsidiary of SoftBank Corp., splitted its C&S Business and newly established SoftBank C&S on April 1, 2014. All shares of SoftBank C&S held by the Company were transferred to SB C&S Holdings G.K., a 100% subsidiay of Brightstar Corp., and the Company additionaly aquired common stocks of Brightstar Global Group Inc. As a result, the Company's ownership of the voting rights and common stocks of Brightstar Global Group Inc. became approxmimately 62% (approximately 73% after the exercise of the Warrant) on April 1, 2014.

(a. Structure as of March 31,2014)



(b. Structure as of April 1,2014)



(2) Reasons for the Transaction

Brightstar Corp. is one of the world's largest specialized wireless distributor and a leading provider of diversified services focused on enhancing the performance and results of the key participants in the wireless device value chain: manufacturers, operators and retailers. Its services include Supply Chain Solutions, Handset Protection & Insurance, Buyback and Trade-in Solutions, Multi-Channel Retail Solutions, and Financial Services. Today, Brightstar Corp. provides services in over 125 countries and has a local presence in over 50 countries.

SoftBank Corp. acquired Sprint in July 2013, expanding its business operations from Japan to the U.S. with Brightstar Corp. becoming a subsidiary, SoftBank Corp. aims to strengthen its purchasing scale for mobile devices and further increase competitiveness both in Japan and the U.S.

(3) Summary of Brightstar Corp.

Name	Brightstar Corp.
Address	9725 NW 117th Ave, #300 Miami, Florida, U.S.A.
Name and title of representative	Marcelo Claure, Chairman and Chief Executive Officer
Business description	Mobile device distribution
Common stock	$2,000
Date of foundation	September 23, 1997
Consolidated sales	$7,227,879 thousands (the year ended December 2013, US GAAP)

(4) Acquisition date

January 30, 2014

(5) Consideration transferred and the component

(Millions of yen)

		Acquisition date (January 30, 2014)
Payment by cash		128,378
Total consideration transferred	A	128,378

Acquisition-related costs of ¥1,190 million arising from the business combination are recognized in "Selling, general and administrative expenses."

(6) Fair value of assets and liabilities, non-controlling interests and goodwill on the acquisition date

		(Millions of yen) Acquisition date (January 30, 2014)
Current assets		340,644
Intangible assets[1]		74,991
Total assets		415,635
Current liabilities		260,518
Non-current liabilities		82,835
Total liabilities		343,353
Net assets	B	72,282
Non-controlling interests[2]	C	3,761
Goodwill[3]	A-(B-C)	59,857

Consideration transferred is allocated to acquired assets and assumed liabilities based on a fair value on the acquisition date. The above amounts, which are provisional fair values based on the best estimate at present, may change for a year from the acquisition date when additional information related to facts and circumstances that existed as of the acquisition date may be obtained.

Notes:

1. Intangible assets
   ¥22,493 million of customer relationships and ¥12,120 million trade marks(in-definite intangible assets) are included in intangible assets.

2. Non-controlling interests
   Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured based on the proportionate interests at acquisition date in the identifiable net assets of the acquiree at acquisition date.

3. Goodwill
   Goodwill reflects excess earning power expected from the future business development and the synergy with existing businesses.

(7) Estimation of fair values of acquired receivables, contractual amounts receivables and amounts not expected to be collected

As for fair value of ¥190,802 million of acquired receivables and other receivables (mainly sales receivables), the total amount of contracts is ¥192,194 million and the estimate of the contractual cash flows not expected to be collected at the acquisition date is ¥1,392 million.

(8) Decrease from acquisition of control over subsidiaries

	(Millions of yen) Acquisition date (January 30,2014)
Payment for the acquisition by cash	(128,378)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	41,428
Decrease in cash from the acquisition of control over the subsidiary	(86,950)

(9) Sales and net loss of the acquiree

The amounts of the acquiree's sales and net loss before elimination of inter-company transactions after the acquisition date, which are recorded in the consolidated statements of income for the fiscal year ended March 31, 2014, are ¥137,534 million and ¥1,704 million, respectively.

In addition, the above net loss includes amortization expenses, which are related to intangible assets recognized at the acquisition date, and others.

(Notes to Consolidated Statements of Financial Position)

1. Secured loans

(1) Assets pledged as collateral for secured liabilities

Assets pledged as collateral and secured liabilities by the Company are as follows:

	(millions of yen)
Assets pledged as collateral:	
Cash and deposits	8,656
Trade and other receivables	115,243
Inventories	25,332
Property, plant and equipment	96,845
Intangible assets	10,101
Other financial assets(Non-current)	14,114
Other current assets	7,106
Other non-current assets	11,398
Total	288,795
Secured liabilities:	
Interest-bearing debt	
Short-term debt	12,938
Current-portion of long-term debt	38,423
Current-portion of corporate bonds	44
Long-term debt	52,307
Corporate bonds	18,658
Total	122,370

Note:

* Other than the above assets pledged as collateral, $ 14 billion (before consolidation adjustments) of the assets of our subsidiary, Clearwire Communications LLC, are pledged as collateral for the $ 0.3 billion corporate bond issued by Clearwire Communications LLC.

(2) Borrowings by security lending agreements

Cash receipts as collateral from financial institutions, to whom the Company lent a portion of shares in its subsidiary under security lending agreements are presented as follows:

	(millions of yen)
Short-term borrowings	150,000

(3) Others

A consolidated subsidiary purchased assets by installments, and the assets of which ownership was not transferred to the consolidated subsidiary and its installment payables are as follows:

Assets of which ownership is not transferred:	(millions of yen)
Property and equipment	119,089
Intangible assets	37,783
Other non-financial assets	251
Total	157,123
Interest-bearing debt	
Current portion of installment payables	41,746
Installment payables	104,813
Total	146,559

2. Allowance for doubtful accounts directly deducted from assets

	(millions of yen)
Trade and other receivables	39,962
Other financial assets (non-current)	10,524
Total	50,486

	(millions of yen)
3. Accumulated depreciation and accumulated impairment of property, plant and equipment	1,770,758

4. Financial covenants

(1) Covenants on interest-bearing debts of SoftBank Corp.

SoftBank's interest-bearing debt includes financial covenants, with which Softbank Corp. is in compliance. The major financial covenants are as follows. If the Group fails to comply with the following covenants, creditors may require repayment of all debt. (Where the covenants set several conditions, the strictest condition is presented below.)

As of March 31, 2013, there is no infringement of the debt covenants.

a. The amount of SoftBank Corp.'s net assets at the end of the year must not fall below 75% of SoftBank Corp.'s net assets at the end of the previous year.

b. The consolidated statements of financial position of SoftBank Corp. and consolidated balance sheet of BB Mobile Corp. at the end of the year must not show a net capital deficiency. At the end of the year, balance sheets of SoftBank Mobile Corp., SoftBank BB Corp. and SoftBank Telecom Corp. must not show a net capital deficiency.

(2) Covenants on interest-bearing debts of Sprint

Major covenants on the interest-bearing debt issued by Sprint are as follows:

a. Holders of a portion ($20.1 billion) of notes issued by Sprint are provided with the right to require Sprint to repurchase the notes if there is a change of control and if there is a decline, to a certain extent, in ratings of the applicable notes by the Rating Services. Also, holders of a portion ($481 million) of notes issued by Clearwire and other subsidiary of Sprint are provided with the right to require the repurchase of the notes if a change of control triggering event occurs.

b. It is required that as of the last day of each quarter, Sprint's ratio of total indebtedness* to EBITDA (as defined) should not exceed a threshold level. Exceeding the ratio could result in the maturities being accelerated. The limit for the ratio was 6.25 to 1.0 as of March 31, 2014.

*Total indebtedness: the sum of Sprint’s outstanding debt (excluding trade payable) and guarantee of indebtedness, with certain adjustments such as excluding amounts agreed based on contracts with lenders.

(Notes to Consolidated Statements of Income)

1. Other operating income and loss

The components of other operating income and loss are as follows:

	(millions of yen)
Impairment loss	
Assets related to ADSL services[1]	(11,210)
Assets related to Sprint[2]	(7,654)
Trademarks[3]	(7,404)
Goodwill	(5,822)
Severance costs associated with reduction in work force of Sprint	(18,307)
Other	(5,033)
Total	(55,430)

Notes:

1.As a result of reviewing the business plan for ADSL services at eAccess Ltd. in the Fixed-line Telecommunications segment, the recoverable amount of assets related to ADSL services became lower than their carrying amount, and therefore the carrying amounts was reduced to their value in use. Impairment loss on customer relationships was ¥8,655 million and impairment loss on telecommunications equipment and software was ¥2,555 million.

2. In the Sprint segment, certain inventories related to telecommunications equipment which will not be used in the future are impaired.

3. eAccess Ltd. and WILLCOM, Inc., are scheduled to conduct an absorption type merger, with eAccess Ltd. being the surviving company and WILLCOM, Inc being the company absorbed, effective on June 1, 2014. After the merger, SoftBank Corp. is scheduled to transfer all shares of eAccess Ltd. owned by SoftBank Corp. to Yahoo Japan Corporation on June 2, 2014. After the transfer, eAccess Ltd. will change its name to Ymobile Corporation and plans to provide services under the “Y!mobile” brand. Along with this, in the Mobile Communications segment, trademarks such as “EM,” “EMOBILE,” “WILLCOM,” and others which eAccess Ltd. and WILLCOM, Inc. used as service names, will not be used in the future, the trademarks are all impaired.

2. Finance cost

The components of finance cost are as follows:

	(millions of yen)
Interest expense	(271,478)

3. Other non-operating income and loss

The components of other non-operating income and loss are as follows:

	(millions of yen)
Interest income[1]	21,015
Derivative gain (loss) [1,2]	(19,588)
Gain on sales of securities	12,325
Impairment loss on securities	(9,168)
Gain on sales of associates' stocks	33,058
Other	6,439
Total	44,081

Notes:

1. Stock acquisition rights in the convertible bonds issued by Sprint Nextel Corporation and undertaken by Starburst II on October 22, 2012, were reported at fair value as a derivative, being bifurcated from the host contracts as it is classified as embedded derivatives and were recorded in "Other financial assets" in the consolidated statements of financial position. As the Company exercised the relevant stock acquisition right and the Company derecognized the derivatives, a derivative loss of ¥16,356 million was recorded during the fiscal year ended March 31, 2014.

With regard to the host contract (the bonds), the amount of payment less the fair value of the embedded derivative at inception of the bond was recorded in the consolidated statement of financial position at inception. This deduction amount is accreted using the effective interest method with corresponding adjustments to interest income. Initially, the expected remaining accretion period for the bond discount was seven years based on the contract term of the bond. However, based on the approval for the acquisition at the shareholders' meeting of Sprint on June 25, 2013, the Company changed the estimate of the expected remaining term to the completion of the acquisition. During the fiscal year ended March 31, 2014, the Company recognized interest income of ¥16,219 million. There was an increase of interest income of ¥15,568 million from the reflection of this change in the expected remaining term of the bond.

2. Of the foreign currency forward contract totaling $22.0 billion which is related to the acquisition of Sprint, with regard to $5.0 billion that did not meet the criteria for hedge accounting, a derivative loss of ¥13,186 million was recorded for the fiscal year ended March 31, 2014. Hedge accounting was applied to $17.0 billion as cash flow hedge. Fair value of ¥311,659 million of hedge instruments on the acquisition date was deducted from the initial amount of goodwill which was recognized upon the acquisition.

(Notes to Consolidated Statements of Changes in Equity)

1. Class and number of outstanding shares as of March 31, 2014

Number of common stocks 1,200,660,365

2. Dividends

(1) Dividends paid

Resolution	Class of shares	Amount of dividends (millions of yen)	Dividend per share	Record date	Effective date	Resource of dividend
Ordinary general meeting of shareholders, June 21, 2013	Common stocks	23,830	¥20.00	Mar. 31, 2013	June 24, 2013	Retained earnings
Directors' meeting, November 15, 2013	Common stocks	23,839	¥20.00	Sep. 30, 2013	Dec 16, 2013	Retained earnings

(2) Dividends of which record date is in the fiscal year ended March 31, 2014 and effective date for payment is in the following fiscal year

Resolution	Class of shares	Amount of dividends (millions of yen)	Dividend per share	Record date	Effective date	Resource of dividend
Ordinary general meeting of shareholders, June 20, 2014	Common stocks	23,769	¥ 20.00	Mar. 31, 2013	June 23, 2014	Retained earnings

3. Number of shares for stock acquisition rights as of March 31, 2014

Number of common stocks 12,371,100

(Financial Instruments)

1. Conditions of Financial instruments

(1) Market risk

a. Currency risk

The Company is engaged in international businesses through investments, financial contributions and establishment of joint ventures. The Company undertakes transactions denominated in foreign currencies, such as borrowings from foreign subsidiaries and purchase transactions from foreign vendors. Consequently, currency risk arises because of changes in currency rates mainly in US dollars.

To manage this risk, the Company continuously monitors exchange rates and manages exchange rate exposures of the Company. The Company also uses foreign currency forward contracts to hedge the risk. Derivative transactions entered into by the Company are conducted and controlled based on the Company's internal rules for derivative transactions and are limited to the extent of actual demands.

b. Price risk

For the purpose of its business strategy, the Company holds securities traded in active markets, including listed stock, and is exposed to market price fluctuation risk.

To manage this risk, the Company continuously monitors financial condition of security issuers and stock market fluctuation.

c. Interest rate risk

The Company raises funds through issuing interest-bearing debts. Certain interest-bearing debts are issued with floating interest rates and are exposed to interest rate risk.

In order to prevent or reduce interest rate risk, the Company maintains an appropriate mix of fixed and floating interest rate debts. For certain borrowings and bonds with floating interest rates, the Company also utilizes derivative transactions such as interest rate swaps in order to hedge interest rate risk and to convert floating interests into fixed interests. For floating interest rate debts, the Company continuously monitors interest rate fluctuation.

(2) Credit risk

In the course of the Company's business, trade and other receivables, and other financial assets (including deposits, equity securities, receivables and derivatives) are exposed to credit risk of its counterparties.

In order to prevent or reduce the risk, the Company does not expose itself to significant concentrations of credit risk for such receivables and financial assets. To manage the credit risk, the Company performs due date controls and balance controls for each customer in accordance with internal customer credit management rules, and regularly screens major customers' credit status.

(3) Liquidity risk

In order to prevent or reduce liquidity risk, the Company maintains access to diversified fund raising sources including both indirect financing, such as bank loans and direct financing, such as issuance of bonds and commercial paper and securitization, taking market conditions and current/non-current debts ratio into consideration. The Company invests our funds in short-term deposits and MMFs for fund management purposes.

The Company also continuously monitors our forecast and actual movement of cash flows and liquid funds.

2. Fair value of financial instruments

The carrying amounts on the consolidated balance sheets and fair value are as follows. Financial instruments that are ordinarily measured at fair value are not included in the below table, as the fair value is the same with the carrying amount.

(Millions of yen)

	Carrying amount	Fair value
Interest-bearing debt (Non-current)		
Long-term borrowings	2,243,855	2,286,161
Corporate bonds	4,743,073	4,960,113
Lease obligations	730,915	736,836
Preferred securities	199,156	199,444
Installment payables	105,155	105,528
Total	8,022,154	8,288,082

Notes 1. Fair value measurement of financial instruments

(1) Long-term borrowings

Fair values of non-current portion of long-term borrowings with variable rate are measured based on discounted cash flow using an input available for observation such as market interests. Fair values of non-current portion of long-term borrowings with fixed rate are measured based on discounted cash flow using an interest rate that includes the credit spread that would be used for a borrowing with the same terms and maturities.

(2) Corporate bonds

Fair values of non-current portion of corporate bonds are mainly measured by the corporate bonds of the same kind in the market.

(3) Lease obligations

Fair value of non-current portion of lease obligation is measured by discounted cash flow method, using the interest rate that would be used for the lease contracts of the same remaining maturities and of the same conditions.

(4) Preferred securities

Fair values of preferred securities are measured based on discounted cash flow, using the interest rate that includes the credit spread that would be used for preferred securities issued with the same terms and conditions.

(5) Installment payables

Fair values of non-current portion of installment payables are measured based on discounted cash flow using an interest rate adjusted for the remaining repayment period and credit risks.

Notes 2. The redemption schedule for interest-bearing debt

(Millions of yen)

	Carrying amount	Contractual cash flows	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016
Interest-bearing debt				
Short-term borrowings	270,529	270,633	270,633	-
Commercial papers	32,000	32,000	32,000	-
Long-term borrowings	2,637,421	2,671,481	394,645	286,319
Corporate bonds	4,882,373	4,740,165	139,333	121,564
Lease obligations	995,210	995,210	264,295	304,726
Preferred securities	199,156	200,000	-	200,000
Installment payables borrowings	153,364	153,647	48,360	41,115
Total	9,170,053	9,063,136	1,149,266	953,724

	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018	April 1, 2018 to March 31, 2019	After April 1, 2019
Interest-bearing debt				
Short-term borrowings	-	-	-	-
Commercial paper	-	-	-	-
Long-term borrowings	353,374	483,593	441,350	712,200
Corporate bonds	845,658	253,896	806,007	2,573,707
Lease obligations	188,319	146,537	77,097	14,236
Preferred securities	-	-	-	-
Installment payables borrowings	31,744	26,579	5,849	-
Total	1,419,095	910,605	1,330,303	3,300,143

(Per share data)

Equity per share attributable to owners of the parent	¥1,645.31
Net earnings per share	¥442.64

Notes to financial statements

(Summary of significant accounting policies)

1. Evaluation standards and methods for major assets

(1) Marketable securities and investment securities

Investments in subsidiaries and affiliated companies	:	Carried at cost, based on the moving-average method
Available-for-sale securities		
With market quotations	:	Stated at fair value, which represents the market prices at the balance sheet date (unrealized gain/loss is included as a separate component in equity, net of tax, while cost is primarily determined using the moving-average method)
Without market quotations	:	Carried at cost based on the moving-average method

(2) Derivative instruments : Stated at fair value

2. Depreciation and amortization

(1) Property and equipment	:	Computed using the straight-line method
(2) Intangible assets	:	Computed using the straight-line method Software for the company's use is amortized using the straight-line method based on internal availability period (five years).

Finance leases in which the ownership of leased assets is not transferred to lessees at the end of lease periods are computed using the straight-line method over the period of the finance leases. Finance lease transactions in which the ownership of leased assets was not transferred to lessees and contracted before April 1, 2008 are accounted for as operating lease transactions and "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

3. Accounting principles for major allowances and accruals

(1) Allowance for doubtful accounts

To prepare for uncollectible credits, allowance for doubtful accounts (excluding receivables from subsidiaries) is calculated based on the actual bad debt ratio, and specific allowance for doubtful accounts deemed to be uncollectible and receivable from subsidiaries are calculated considering its collectability.

(2) Allowance for bonus

Allowance for bonus is calculated based on the Company's computation method for expected payment.

4. Other basis of presentation of financial statements

(1) Deferred charges

Stock issuance cost	:	Amortized by the month over three years
Bond issuance cost	:	Amortized by the month over redemption period

(2) Accounting for significant hedge transactions

[1] Foreign currency forward contract

① <Hedge accounting>

Receivables and obligations denominated in foreign currencies for which foreign currency forward contracts are used to hedge the foreign currency fluctuation are translated at the contracted rate, if the forward contracts qualify for hedge accounting. For forecasted transactions denominated in foreign currencies, recognitions of gains or losses resulting from changes in fair value of derivative instruments for hedging are deferred until the related gains and losses on hedged items are recognized.

② <Derivative instruments for hedging and hedged items>

Derivative instruments for hedging	:	Foreign currency forward contract
Hedged items	:	Foreign currency-denominated receivables, obligations, and forecasted transactions

③ <Hedging policy>

In accordance with the Company's policy, the Company uses derivatives to hedge foreign exchange risk associated with hedged items denominated in foreign currencies.

④ < Effectiveness of hedge transactions >

For receivables and obligations denominated in foreign currencies, effectiveness of the hedge transaction is omitted due to qualifying for hedge accounting. For forecasted transaction denominated in foreign currencies, the effectiveness of hedge transaction is assessed by measuring high correlation between the variability of cash flows associated with the foreign currency fluctuation of hedged items and variability of cash flows of hedge instruments.

The transactions are all completed in the fiscal year ended March 31, 2014

[2] Interest rate swap

① <Hedge accounting>

Recognitions of gains or losses resulting from changes in fair value of derivative instruments for hedging are deferred until the related gains and losses on hedged items are recognized.

② <Derivative instruments for hedging and hedged items>

Derivative instruments for hedging	:	Interest rate swap contracts
Hedged items	:	Interest expense on borrowings

③ <Hedging policy>

In accordance with the Company's policy, the Company uses derivative financial instruments to hedge the risk of exposures to fluctuations in interest rates, regarding the authorization and credit limit amount.

④ < Effectiveness of hedge transactions >

The effectiveness of hedge transaction is assessed by measuring high correlation between the variability of cash flows associated with the interest rate of hedged items and variability of cash flows of hedge instruments.

[3] Currency swap

① <Hedge accounting>

Corporate bonds and bond interests denominated in foreign currencies for which foreign currency swap contracts are used to hedge the foreign currency fluctuation are translated at the contracted rate, if the swap contracts qualify for hedge accounting.

② <Derivative instruments for hedging and hedged items>

Derivative instruments for hedging	:	Currency swap contracts
Hedged items	:	Foreign currency-dominated corporate bonds and bond interests

③ <Hedging policy>

In accordance with the Company's policy, the Company uses derivatives to hedge foreign exchange risk associated with hedged items denominated in foreign currencies.

④ < Effectiveness of hedge transactions >

Currency swap is qualified for hedge accounting and effectiveness of the hedge transaction is omitted.

(3) Accounting method for consumption taxes

Consumption taxes are accounted for using the net method of reporting.

Notes

(Balance Sheet)

		Millions of yen
1.	Accumulated depreciation of property and equipment	¥8,012

2. Borrowings by security lending agreements

Cash receipts as collateral from financial institutions, to whom the Company lent a portion of shares in its subsidiaries and affiliated companies of ¥906 million under security lending agreements are presented as follows:

	Millions of yen
Short-term borrowings	¥150,000

3. Guarantee obligation

Guarantee（Nature of guarantee obligation）	Millions of yen	
[Guarantee obligation]		
SFJ Capital Limited (preferred securities)	¥200,000	
Shiodome Estate Corporation (lease transaction and purchase contract of the trust beneficiary interest)	81,354	(Note)
Kahon 2 Oy (Borrowing)	77,190	($750,000 thousand)
Bightstar Corp. (Bond)	61,752	($600,000 thousand)
Fukuoka SoftBank HAWKS Corp.（Borrowing）	120	
Subtotal	420,416	

(Notes) The Company guarantees the lease transaction related to FUKUOKA YAHUOKU! DOME and the acquisition of the trust beneficiary interest in July 2015.
After the acquisition of the trust beneficiary interest, Shiodome Estate Corporation will transfer the trust beneficiary interest to Fukuoka SoftBank HAWKS Corp.

[Letter of awareness for management service]	
SB Energy Corp.(Sponsor support agreement)	1,900
SoftBank BB Corp.（Lease）	1,437
Subtotal	3,337
Total	¥423,753

4. Monetary receivables and liabilities for subsidiaries and affiliated companies

	Millions of yen
Short-term monetary receivables	¥236,255
Long-term monetary receivables	736,568
Short-term monetary liabilities	546,452
Long-term monetary liabilities	269,626

5. Monetary receivables and liabilities for board members and corporate auditors

	Millions of yen
Monetary receivables	¥38
Monetary liabilities	178

(Statement of Income)

Transactions with subsidiaries and affiliated companies

	Millions of yen
Net sales	¥49,586
Selling, general and administrative expenses	5,207
Non-operating transactions	400,711
Incl. purchase of equity securities	69,481

(Statement of Changes in Equity)

Class and number of treasury stocks as of March 31, 2014

Number of common stocks	12,204,526 shares

(Income taxes)

Significant components of deferred tax assets and liabilities

Deferred tax assets

	Millions of yen
Investments in subsidiaries and affiliated companies	¥28,970
Loss carryforwards	17,647
Deferred assets	12,434
Loss on sales price adjustments of investments in subsidiaries and affiliates	10,447
Others	12,539
Gross deferred tax assets	82,036
Less: valuation allowance	(77,036)
Total deferred tax assets	¥5,000

Deferred tax liabilities

	Millions of yen
Deferred taxable gain on a sale of shares of a subsidiary to a 100% owned subsidiary under Japanese group taxation regime	(11,644)
Unrealized gains on other securities	(471)
Others	(4,305)
Total deferred tax liabilities	(16,421)
Net deferred tax liabilities	¥(11,421)

(Related Party Transactions with the Company)

1. Subsidiaries and affiliated companies

Category	Name	Voting rights (%)	Nature of transaction	Note	Amount of transaction (Note12)	Account	Balance at March 31, 2014 (Note12)
					Millions of yen		Millions of yen
Subsidiary	SoftBank Mobile Corp.	Indirect 100%	Brand royalty revenue	1	¥39,775	Accounts receivable - trade	¥41,763
			Borrowing of short-term loans (net of repayment)		36,618	Short-term borrowings	352,042
			Interest payment	2	718	Accrued expenses	—
Subsidiary	SoftBank BB Corp. (Note13)	Direct 100%	Brand royalty revenue	1	3,391	Accounts receivable - trade	3,561
			Repayment of short-term loans (net of borrowings)		2,055	Short-term borrowings	83,298
			Interest payment	2	280	Accrued expenses	—
Subsidiary	SoftBank Telecom Corp.	Direct 81.7% Indirect 18.3%	Brand royalty revenue	1	6,139	Accounts receivable - trade	6,446
			Dividends receipt		36,031		
			Repayment of short-term loans (net of borrowings)		20,485	Short-term borrowings	52,835
			Interest payment	2	215	Accrued expenses	—
Subsidiary	Mobiletech Corporation	Direct 100%	Dividends receipt		135,000	Other current assets	27,169
Subsidiary	WILLCOM, Inc.	Direct 100%	Dividends receipt	3	55,813		
			Lendings of short-term loan receivable (net of receipt)	4	45,000	Short-term loan receivable	88,500
			Interest receipt	4 5	956	Other current assets	—
Subsidiary	BB Mobile Corp.	Indirect 100%	Lendings of long-term loan receivable		80,200	Long-term loan receivable	691,174
			Interest receipt	5	16,979	Other current assets	—
Subsidiary	Siodome Estate Corporation	Direct 100%	Guarantee obligation	6	81,354		
Subsidiary	Shiodome Finance Corporation	Direct 100%	Lendings of short-term loan receivable (net of receipt)		63,950	Short-term loan receivable	63,950
			Interest receipt	5	920	Other current assets	—
Subsidiary	Galilei Japan KK	Indirect 100%	—		—	Long-term debt	200,000
			Interest payment	2	4,120	Accrued expenses	1,476
Subsidiary	Fukuoka SoftBank HAWKS Corp.	Direct 100%	Payment of advertising expense	7	3,600	Accounts payable - other	315
Subsidiary	Starburst I, Inc.	Direct 100%	Capital Contribution		1,568,177		
Subsidiary	SFJ Capital Limited	Direct 100%	Guarantee obligation	8	200,000		

Subsidiary	SoftBank Holdings Inc.	Direct 100%	Dividends receipt	9	¥67,837		
			Purchase of equity securities	10	69,481		
Subsidiary	Brightstar Global Group Inc.	Direct 57.2%	Capital Contribution		129,493		
Subsidiary	Kahon 2 Oy	Indirect 100%	Lendings of short-term loan receivable		68,292	Short-term loan receivable	¥—
			Collection of short-term loan receivable		68,292		
			Interest receipt	5	285	Other current assets	—
			Guarantee obligation	8 11	77,190 ($750,000 thousand)		
Subsidiary	Brightstar Corp.	Indirect 100%	Guarantee obligation	6 11	61,752 ($600,000 thousand)		
Subsidiary	SB Holdings (Europe) Ltd.	Direct 74.9% Indirect 25.1%	—	11	—	Long-term debt	62,908 ($611,231 thousand)
			Interest payment	2	1,026	Accrued expense	—

The terms of transactions and the policies

(Notes)1. Brand royalty revenue depends on a rate of gross profit of each company. The rate of brand royalty is determined in a rational way.
2. Interest rate on loan payable is determined taking market interest rate into account.
3. ¥55,510 million is recorded as a non-operating income and ¥303million is recorded as a reduction in Investments in subsidiaries and affiliated companies on the balance sheet.
4. WILLCOM, Inc. received an order of termination of rehabilitation proceedings on July 1, 2013. Consequently, WILLCOM Inc. became a subsidiary of the Company on the same day. The amount which is stated in “amount of transaction” at WILLCOM, Inc. is the transaction amount of the period from July 1, 2013.
5. Interest rate on loan receivable is determined taking market interest rate into account.
6. Please refer to Note 3 “Guarantee obligation” for Balance Sheet for the detail. The guarantee fee is not charged.
7. Payments of advertising expense are for advertising effect for SoftBank group which management of the Fukuoka SoftBank HAWKS provides. The rate of guarantee fee is determined in a rational way.
8. Please refer to Note 3 “Guarantee obligation” for Balance Sheet for the detail. The guarantee fee is charged
9. ¥67,160 million is recorded as a non-operating income and ¥677million is recorded as a reduction in Investments in subsidiaries and affiliated companies on the balance sheet.
10. Acquisition cost is determined through negotiation with SoftBank Holdings Inc.by using evaluation from third party as a reference.
11. The exchange rate for the translation of Japanese yen into U.S. dollar at March 31, 2014 is ¥ 102.92 to $1.
12. Consumption taxes are included in the amount of the year-end balance, but not in the amount of the transaction.
13. SoftBank Commerce & Service Corp. is established by divestiture of SoftBank BB Corp., effective April 1, 2014.

2. Directors and major individual shareholders

Category	Name	Voting rights (%)	Nature of transaction	Note	Amount of transaction (Note2)	Account	Balance at March 31, 2014 (Note2)
					Millions of yen		Millions of yen
Director and shareholder	Masayoshi Son (Son Assets Management, LLC)	Direct 19.5%	Temporary advance for expenses on behalf of Son Assets Management, LLC		¥266	Other current asset	¥38
			Office facility usage	1	45		
			Receipt of guarantee deposit		1	Long-term liabilities -Other liabilities	178

The terms of transactions and the policies

(Notes) 1.“Office facility usage” is determined based on the percentage of facility used as with the case of subsidiaries and affiliated companies.

2. Consumption taxes are included in the amount of the year-end balance, but not in the amount of the transaction.

(Per share data）

Shareholders’ equity per share	¥787.26
Net income per share	¥204.13

(Additional Information)

Change of the affiliate (eAccess Ltd.)

In a meeting of the Board of Directors on March 27, 2014, the Company resolved to sell all of the shares of eAccess Ltd. to Yahoo Japan Corporation for ¥324 billion (the “Transaction”).

eAccess Ltd. is scheduled to merge with WILLCOM, Inc., effective June 1, 2014. The Company’s sale of the shares of eAccess Ltd. on June 2, 2014 is conditional on the merger going through.

1. Reasons for the Transaction

   The Company accepted a proposal from Yahoo Corporation as it believes the Transaction will benefit the future growth of both Yahoo Corporation and eAccess Ltd., and also SoftBank Group overall.

2. Outline of the affiliate to be transferred (eAccess Ltd.)

(As of March 31, 2014)

(1)	Name	eAccess Ltd.	
(2)	Head office	2-10-1 Toranomon, Minato-ku, Tokyo	
(3)	Representative	Eric Gan, Representative director and President	
(4)	Main business	Telecommunication business	
(5)	Common shares	¥43,286 million (figure not affected by absorption merger with WILLCOM, Inc.)	
(6)	Establishment	November 1, 1999	
(7)	Major shareholders and shareholding ratio	Softbank Corp.: 99.59% (33.29% of voting rights) Other shareholders(11 companies): 0.41% (66.71% of voting rights) *The Company’s shareholding ratio after the merger with WILLCOM, Inc. is expected to be 99.68%. The voting rights ratio will not be affected.	
(8)	Relationship of eAccess and the Company.	Capital ties	The Company holds 99.59% (99.68% after the merger with WILLCOM, Inc.) of eAccess Ltd’s shares.
		Personal ties	One of the directors of the Company is also a director of eAccess Ltd.
		Business ties	The Company provided eAccess Ltd. with few services.

3. Impact on the forecast of the Company

   The Company expects to recognize special income of ¥55.7 billion as “gain on sale of investments in subsidiaries and affiliated companies” for the fiscal year ending March 31, 2015.